

OPENING STATEMENT OF CONGRESSMAN PAUL E. KANJORSKI
BEFORE THE SUBCOMMITTEE ON
FINANCIAL INSTITUTIONS AND CONSUMER CREDIT AND THE
SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY
HEARING ON LEGISLATIVE SOLUTIONS TO
ABUSIVE MORTGAGE LENDING PRACTICES
TUESDAY, MAY 24, 2005

Mr. Chairman, I am pleased that we are meeting today to examine the issue of abusive and deceptive mortgage lending, and I commend you for convening this important hearing.

In recent years, the subprime mortgage industry has grown dramatically. In 1994, subprime lenders underwrote just \$34 billion in mortgages. By 2004, this figure had ballooned to more than \$600 billion. As the subprime industry has matured, complaints about abusive lending practices and concerns about conflicting state laws have also grown.

As my colleagues already know, I have spent several years studying these matters. As a result, I have come to the conclusion that there is a genuine need for strong, uniform national subprime lending standards with appropriate enforcement mechanisms to protect consumers.

Because the problem of abusive lending is complex, it also deserves a comprehensive solution. Beyond establishing uniform national standards, we need to improve housing counseling and better mortgage servicing. We also need to enhance appraiser independence and oversight, and strengthen mortgage broker licensing and supervision.

H.R. 1295, the bill that I have introduced along with Congressman Ney, achieves these five important objectives. Several of my colleagues have also introduced their own bills to address these issues. As a result, I am hopeful that in the coming months we can build on the growing bipartisan consensus in Congress about the need to address these matters.

Because the adoption of a uniform national standard is a key issue in these debates, I would like to focus briefly on why we need one. Establishing a uniform national standard will help to ensure that consumers receive the same set of protections no matter where they live or from whom they borrow. A uniform national standard will also ease regulatory burdens, level the competitive playing field, and ensure the affordability of loans for all consumers.

We are fortunate to have with us today a diverse group of witnesses. I already know that they will speak forcefully and candidly about their views in these matters. I also hope that they will share with us their ideas for how we can improve H.R. 1295, the Responsible Lending Act.

In particular, there are a number of questions that I hope these experts will address: How should we refine the bill's preemption language? Should we ban mandatory arbitration and single premium credit insurance on all loans? Should we also improve upon the bill's appraisal independence standard to incorporate a ban on collusion?

In closing, Mr. Chairman, we need to ensure that all homebuyers and homeowners are appropriately protected in today's complex mortgage marketplace. Today's hearing will further our debates in these matters, and hopefully build a consensus for enacting a subprime lending bill into law later in this session.
